

Two Insurance Agents Arrested in \$1 Million Theft of Taxpayer Dollars From Berks County Public Schools



On January 6, 2010, Kevin Pickell and his cousin, Robert Pickell were arrested in Berks County. Kevin and Robert are insurance agents and partners in the Berks County insurance brokerage firm, KDN Lanchester Corporation (KDN).

According to the Criminal Complaint, during 2008 and 2009, Kevin and Robert Pickell failed to remit to the School Boards Insurance Company (SBIC) nearly \$840,000 in premium payments KDN received from six Berks County public school districts. In addition to the total premium amount, KDN also received approximately \$191,000 in commissions from the school districts for these policies. Accordingly, a total of more than \$1,000,000 dollars is alleged to have been stolen by the Pickells.



The Complaint stated that in accordance with the terms of the brokerage agreement between KDN and the SBIC, KDN was permitted to sell specific liability and workers' compensation insurance policies to PA school districts. The brokerage agreement enabled KDN to collect premium payments from the school districts. After deducting its commissions from the payments, KDN was then required to forward the balance to the SBIC. KDN collected 2008-09 premium payments from the following Berks County school districts; Conrad Weiser Area School District - \$219,579.00, Daniel Boone Area School District - \$73,852.93, Exeter Township School District - \$361,260.00, Fleetwood Area School District - \$140,424.00, Schuylkill Valley School

District - \$132,630 and Wyomissing Area School District - \$102,668.40 totaling \$1,030,414.33 received by KDN.

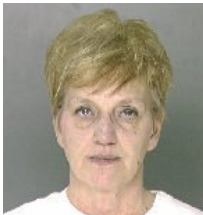
The Criminal Complaint stated that the school districts' 2008-09 insurance payments were deposited into KDN premium accounts. However, KDN bank records allegedly showed no corresponding payments to SBIC and revealed that Kevin and Robert made numerous withdrawals and wrote large sum checks to themselves and to one another. Additionally, while executing a search warrant at KDN, agents allegedly discovered and seized several vials containing illegal anabolic steroids and a quantity of unused syringes from Robert Pickell's office.

Kevin and Robert Pickell have been charged with two counts of Corrupt Organizations (F1), one count of Insurance Fraud (F3), six counts of Theft by Failure to Make Required Disposition of Funds Received (F3) and one count of Conspiracy (F3). Kevin has also been charged with one count of Possession of a Controlled Substance (M) and Robert has also been charged with one count of Possession with Intent to Deliver a Controlled Substance (F).

ARRESTS

Insurance Fraud

- On January 13, 2010, Karen Cuthbertson was arrested in Philadelphia County. According to the Criminal Complaint, Cuthbertson had a joint bank account with Mr. Luzzo who received workers' compensation benefits from the Magna Carta Insurance Company. Mr. Luzzo passed away but Magna Carta continued to send out his checks as they did not receive notice of his death. The Complaint stated that all but one of the checks that were issued after Mr. Luzzo's death, were purportedly endorsed with his signature and then deposited for a total of \$17,986.92. According to the Complaint, Cuthbertson signed Mr. Luzzo's name to the back of the checks, deposited them into the joint bank account and then withdrew the money using her ATM card. Additionally, the Complaint stated that Cuthbertson ignored an LIBC form and an accompanying letter addressed to Mr. Luzzo advising that he had to return the form in order to continue to

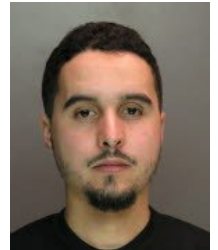


receive his workers' compensation benefits. Karen Cuthbertson has been charged with one count of Workers' Compensation Fraud (F3), one count of Theft by Deception (F3) and one count of Forgery (F3).

- On January 28, 2010 Michael Bates, Jr. was arrested in Westmoreland County. According to the Criminal Complaint, Bates sold a stolen motorcycle engine and frame via the Internet site Craig's List. Furthermore, the Complaint stated that a search of Bates' residence yielded a number of stolen motorcycle parts, some with obliterated VINs. Bates was also found to be in possession of a motorcycle that he had allegedly reported stolen to the police and Nationwide Insurance. Michael Bates, Jr. has been charged with two counts of Altered or Illegally Obtained Property (F3), one count of Insurance Fraud (F3), one count of Theft by Deception (F3), one count of Criminal Use of a Communication Facility (F3), five counts of Receiving Stolen Property (F3) and one count of False Reports to Law

Enforcement (M3).

- On January 28, 2010, John Koeck was arrested in Blair County. According to the Criminal Complaint, Koeck owns an automobile glass company in Altoona, PA. In 2006, Koeck submitted several claims to the State Farm Insurance Company regarding the installation of windshields for various customers' vehicles. However, the Complaint stated that Koeck had billed State Farm for more expensive windshields than were actually installed on the vehicles. John Koeck has been charged with one count of Insurance Fraud (F3) and one count of Theft by Deception (F3).
- On January 20, 2010, Nancy Piper was arrested in Westmoreland County. According to the Criminal Complaint, Piper struck another car in a parking lot while operating her vehicle. At the time of the accident, Piper was an excluded driver on the policy. Piper allegedly reported to the Nationwide Insurance Company that her husband was driving the vehicle. Nancy Piper has been charged with one count of Insurance Fraud (F3) and one count of Criminal Attempt/Theft by Deception (F3).
- On January 29, 2010, Driss Yassine was arrested in Montgomery County. According to the Criminal Complaint, Yassine was operating his Chevy Lumina on October 27, 2009, when he was the at-fault driver in a two-car motor vehicle accident. The Complaint stated that at the time of the accident, Yassine had no insurance on the vehicle. However, the following day Yassine allegedly reinstated his insurance with the Allstate Insurance Company and gave a recorded statement misrepresenting the date of the accident as October 28th instead of the 27th. Driss Yassine has been charged with one count of Insurance Fraud (F3) and one count of Criminal Attempt/Theft by Deception (F3).
- On January 21, 2010, Fawn Twyman was arrested in Lancaster County. According to the Criminal Complaint, Twyman provided



false criminal history information in support of two different applications for life insurance. Twyman supplied answers on an application for her own policy through the American General Insurance Company and on an application through the Prudential Insurance Company for a policy on her boyfriend. The Complaint stated that Twyman falsely stated that she had never been convicted of a criminal offense nor had she ever been charged and/or convicted of any driving violations. Twyman further alleged that her boyfriend had never been convicted of any criminal offense other than a motor vehicle violation within the past ten years. However, the Complaint stated that



Twyman had numerous driving violations and that both she and her boyfriend had been convicted of drug offenses within the ten year time period. Fawn Twyman has been charged with two counts

of Insurance Fraud (M1).

- On January 19, 2010, Rudolph Long was arrested and on January 25, 2010, Bernice Jackson-Williams was arrested in Philadelphia County. According to the Criminal Complaint, Jackson-Williams' juvenile daughter obtained her learner's permit and was driving a vehicle in a used car dealership's lot when she struck an unoccupied parked car. Jackson-Williams, who was in the car with her daughter, did not have a valid driver's license. The Complaint alleged that Jackson-Williams recruited Long to claim that he was in the vehicle. Both Jackson-Williams and Long then allegedly reported to the police that Long was a passenger in the vehicle. According to the Criminal Complaint, Long subsequently submitted a personal injury claim for damages. Bernice Jackson-Williams and Rudolph Long have been charged with one count of Insurance Fraud (F3), one count of Conspiracy/Insurance Fraud (F3), one count of Criminal Attempt/Theft (F3), one count of Conspiracy/Theft (F3) and one count of False Reports to Law Enforcement (M3).
- On January 21, 2010, Ilias Stefou was arrested on a Dauphin County warrant.

According to the Criminal Complaint, Stefou obtained a Pennsylvania driver's license and registered his vehicle in Pennsylvania. He also allegedly provided the Pennsylvania address to an insurance company when he obtained his automobile insurance on his vehicle. The Complaint further stated that Stefou did not reside in Pennsylvania. Ilias Stefou has been charged with two counts of Insurance Fraud (F3 & M1) and one count of False Application for Certificate of Title/Registration (M1).



- Following a trial on November 6, 2009, Sylvia Boronski was found guilty of one count of Insurance Fraud (F3) and one count of Theft by Deception (F3) in Berks County. On January 7, 2010, Sylvia Boronski was sentenced to serve 1 to 7 years in state prison, a consecutive 2 years of probation and was ordered to pay a fine of \$100, restitution of \$23,678.62 and all court costs. Boronski, after being injured in a car accident in June of 2006, filed a lost wages claim with the Progressive Insurance Company for purported income that, because of her injuries, she would be unable to earn from her job at "The Dispatchery". Boronski caused numerous fraudulent "Verification of Lost Wage" forms to be faxed to Progressive in support of her claim. Our investigation revealed that "The Dispatchery" does not exist and Boronski fraudulently collected \$23,678.62 in lost wage benefits from Progressive between June, 2006 and November, 2007.
- Donald Smallwood, Jr. pled guilty to one count of Insurance Fraud (F3) in Allegheny County. Smallwood was employed as a registered representative of Aviva USA in December 2006. Smallwood received \$53,000 from a client under the guise of procuring an annuity contract from Aviva. Smallwood deposited the money in his personal bank account and utilized the money to pay personal expenses, including mortgage payments, vehicle expenses and credit card debt. On January 25, 2010, Donald Smallwood, Jr. was sentenced to serve 7

years probation and was ordered to pay restitution of \$53,000 and all court costs.

- David Strickler and Ricky David pled guilty to one count of Insurance Fraud (F3) in Fayette County. David Strickler reported his 2007 Dodge Ram truck stolen and filed an insurance claim with the Infinity Insurance Company. The State Police recovered the truck burned. Strickler still owed \$29,783.90 to Chrysler Financial. According to Ricky David, Strickler asked him to get rid of the truck as the payments were too high. Strickler gave David the keys to the vehicle and David then drove the vehicle to a remote location and used gasoline to set the vehicle on fire. Strickler agreed to pay David a couple hundred dollars from the insurance



money. On January 14, 2010, David Strickler was sentenced to serve 4 years probation, ordered to perform 100 hours of community service and to pay restitution of \$29,000 and all court costs. Ricky David was sentenced to serve 23 months restrictive intermediate punishment, the first 2 months on house arrest, ordered to perform 100 hours of community service and to pay the all court costs.

- Walter Williams pled guilty to two counts of Insurance Fraud (F3) in Lackawanna County. Ann Williams obtained an automobile insurance policy from the Progressive Insurance Company for her 1988 Chevy truck. Walter Williams, her husband, was listed as an excluded driver under the policy as a result of a DUI conviction. In February of 2009, the truck was involved in a two vehicle accident in the parking lot of a Turkey Hill convenience store in Wilkes-Barre. A fraudulent statement was made to Progressive representing that Ann Williams was the driver of the vehicle at the time of the accident when in fact, Walter Williams was driving the truck at the time of the accident. On January 27, 2010, Walter Williams was sentenced to serve 4 years

probation, 90 days home monitoring, ordered to perform 50 hours of community service, pay restitution of \$250 and all court costs.

- Phillip Harris pled guilty to two counts of Insurance Fraud (F3) in Montgomery County. Harris, claiming total disability from injuries suffered in a fall, received benefits from both the Aflac Insurance Company and the American Fidelity Insurance Company from December 30, 2007 through October 10, 2008. Harris claimed his injuries prevented him from working as a service technician. Our investigation revealed that from April 7, 2008 through July 18, 2008, Harris worked as a service technician and shortly thereafter opened his own repair shop. Additionally, Harris submitted continuation of benefits forms to both Aflac and American Fidelity misrepresenting that he was still disabled and not working. On January 19, 2010, Phillip Harris was sentenced to serve 3 years probation concurrently on each count and was ordered to perform 200 hours of community service, pay a fine of \$5,000, restitution of \$33,183.26 by May 1st and all court costs.



- William Maguire pled guilty to one count of Theft by Failure to Make Required Disposition of Funds Received (F3) in Bucks County. Maguire, a licensed insurance producer, received in excess of \$15,000 from eight clients, so that he would pay their insurance premiums to an insurance company or a broker. Maguire failed to make the payments to the Century Surety Insurance Company, the St. Paul Surplus Lines Insurance Company, the Nautilus Insurance Company and the Tri-State General Insurance Company. On January 5, 2010, William Maguire was sentenced to serve 3 years probation and was ordered to perform 200 hours of community service and to pay restitution of \$13,754.90 and all court costs.
- Burns Wholesale and Jay Stern plead guilty to one count of Insurance Fraud (F3) and Louis Stern pled guilty to one count of Theft by Deception (M1) and one count of Tampering

with Public Records or Information (M1) in Fayette County. Burns Wholesale Drug Corporation is owned and operated by the Stern family. Between October 2003 and March 2006, pharmacists at Burns Drug submitted billings to the Highmark Insurance Company for prescription medications that were not authorized by physicians. Our investigation revealed that approximately 300 fraudulent prescriptions were submitted to acquire revenue for the pharmacy. On January 14, 2010, Burns Wholesale, Jay Stern and Louis Stern were sentenced to serve 3 years probation and ordered to pay joint and several restitution of \$70,038.25 and all court costs. Burns Wholesale was also ordered to pay a fine of \$5,000.

- Nicole Angelo pled guilty to one count of Theft by Deception (M1) in Allegheny County. Angelo was injured on April 23, 2008, and received long-term disability through the Standard Insurance Company between July 23, 2008 and November 22, 2008. Our investigation revealed that Angelo began working full-time at FedEx on July 28, 2008, and that on August 21, 2008, Angelo informed a representative of Standard that she was unable to work full-time due to her injuries and had not worked since April 23, 2008. On January 25, 2010, Nicole Angelo was sentenced to serve 3 years probation and ordered to pay restitution of \$6,934.92 and all court costs.
- Lynn Yanders pled guilty to one count of Insurance Fraud (F3) in Montgomery County. Yanders filed for bankruptcy and in July of 2006, the court entered an order discharging most of her debts. Yanders immediately purchased a 2001 Mercedes for \$31,000 with no money down and added the vehicle to her existing policy with the Allstate Insurance Company. Yanders listed her address as Macungie, Pa. A short time later, Yanders removed the vehicle from her policy until October 4, 2006, when she again added it to her policy and lowered the deductible from \$1,000 to \$500. Five days later, Yanders made a claim alleging that the vehicle was stolen. Our investigation revealed that Yanders made no payments on the vehicle and had provided numerous inconsistent and

false statements to Allstate, including her whereabouts prior to the date of the alleged theft. Furthermore, Yanders misrepresented living in Macungie. On January 7, 2010, Lynn Yanders was sentenced to serve 3 years probation and ordered to pay all court costs.

- Adam Cupak pled guilty to one count of Insurance Fraud (F3) in Berks County. Cupak obtained renter's insurance from the Travelers Insurance Company on January 10, 2009. On February 3, 2009, Cupak submitted a claim alleging that his work tools were stolen from his truck on January 26th. In support of his claim, Cupak submitted a tool vendor's summary reflecting that he had purchased \$5,340.59 worth of tools, all of which Cupak claimed were stolen. Our investigation established that the tools had actually been stolen before he obtained his policy from Travelers and that he altered the date on the vendor's summary to conceal the date of the actual theft. On January 12, 2010, Adam Cupak was sentenced to serve 2 years probation and ordered to perform 100 hours of community service, pay a fine of \$500 and all court costs.
- Charles Thierry pled guilty to one count of Insurance Fraud (F3) in Bucks County. Thierry was in an automobile accident in September 2007, with his uninsured vehicle. On February 22, 2008, Thierry added the vehicle to his insurance policy with the Unitrin Auto Insurance Company. On May 6, 2008, Unitrin was contacted and an insurance claim was made on that vehicle for an incident that purportedly occurred on May 3rd. Our investigation revealed that the vehicle was inoperable after the September accident and sat at the auto repair shop until February 21, 2008, until it was towed back to the Thierry residence where it sat until the claim was made in May. On January 6, 2010, Charles Thierry was sentenced to serve 2 years probation, ordered to perform 50 hours of community service and to pay all court costs.

(ARD) DISPOSITIONS

During the month of January, five additional defendants received Accelerated Rehabilitative Disposition (ARD).